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THE **EQUITABLE LIFE** INSURANCE COMPANY
OF CANADA

Annual Report

1970

DIRECTORS

OFFICERS

DIRECTORS' REPORT

TO THE POLICYOWNERS OF THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA:

NEW POLICYOWNERS — During the year 5,564 new policyowners and certificate holders joined those already associated with the Company, bringing the total to 99,067 and increasing the business in force to \$1,250,812,074, a gain of \$88,610,575 in the year.

PAYMENTS TO POLICYOWNERS — A total of \$7,203,696 was paid to policyowners and beneficiaries. This included policy dividends of \$1,107,756.

PROTECTION FOR POLICYOWNERS — Policy reserves were increased by \$7,759,-622 in the year to bring the total to \$66,267,393. In addition the investment reserve was increased to \$2,500,000 and the surplus to \$4,287,067. The increase in these two items was \$423,029.

REVENUE — This totalled \$15,158,700, an increase in the year of \$575,263. The rate of interest earned was 6.72% as compared to 6.63% in 1969. This rate is calculated after the deduction of investment expenses, but before deducting investment income tax.

ASSETS — These now amount to \$78,313,933, an increase of \$3,910,696 in the year.

DEATH BENEFITS — Death claim payments increased sharply in 1970, exceeding those of the previous year by approximately \$280,000. This was not unexpected, since the Company had experienced a succession of years during which the claim payments had run below the level provided for in the premiums. During these years a Mortality Fluctuation Reserve was accumulated and carried in the Policy Reserves. This has been drawn upon to the extent of \$200,000 as a partial offset to the upward fluctuation in 1970.

NEW HEAD OFFICE BUILDING — As a result of the growth of the Company's operations, the present Head Office building has become inadequate. In 1970 work commenced on a new Head Office building on a site purchased in 1962. The commitment for construction amounts to \$1,880,000, of which \$1,568,000 had not been expended by the year-end.

CHANGE OF DIVIDEND OPTIONS — In 1970 the Department of National Revenue introduced new Regulations requiring the reporting of interest credited on dividends left on deposit to accumulate with interest. In consequence, it was felt that most policyowners with this dividend option would prefer to change to the option under which dividends are used to purchase additional insurance, and to apply their existing accumulation in this way. An automatic change was made in December 1970, and this is reflected in the transfer of \$3,546,170 shown in the Summary of Operations and the corresponding increase in the Policy Reserves and decrease in the amount shown as Policyowners' Funds. The policyowners involved had, of course, the right to reverse the change, but less than 5% elected to do so.

TAXATION — The estimate of the income tax payable for 1970 is \$498,514 of which \$253,000 is reported as a deduction from investment income and the balance is shown as a separate item in the Summary of Operations.

STAFF — The Directors again wish to record their sincere appreciation of the efforts of the Head Office and Field staffs. The continued progress of the Company is a reflection of the effective contribution made by each individual.

On behalf of the Board

H. E. POWER, *Chairman of the Board
and President*

OUR PROGRESS AT A GLANCE

	1970	1969	1960
New Business —			
Life and Annuity	\$ 69,458,125	\$ 59,648,302	\$ 37,267,029
Business in Force —			
Life and Annuity	1,250,812,074	1,162,201,499	217,886,088
Income	15,158,700	14,583,437	6,403,182
Assets	78,313,933	74,403,237	38,777,113
Benefit Payments	7,203,696	7,720,127	2,487,608
Investment Reserve and Unassigned Surplus	6,787,067	6,364,038	2,264,725
Dividends to Policyowners	1,107,756	1,053,108	376,073
Earned Interest Rate	6.72%	6.63%	5.19%
<i>(Net of investment expenses, but before investment income tax)</i>			

*The Equitable Life of Canada is a mutual company
owned entirely by its participating policyowners.*

AUDITORS' REPORT TO THE POLICYOWNERS

We have examined the statement of assets, liabilities and surplus of the Equitable Life Insurance Company of Canada as at December 31, 1970, and the summary of operations for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; the policy reserves were determined and certified by the Company's actuary.

In our opinion, based on our examination and the certificate of the Company's actuary, the accompanying statement of assets, liabilities and surplus and the related summary of operations present fairly the financial position of the Company as at December 31, 1970, and the results of its operations for the year ended on that date.

Waterloo, Ontario
January 22, 1971.

CLARKSON, GORDON & CO.,
Chartered Accountants

ACTUARY'S CERTIFICATE

The Policy Reserves of \$66,267,393 shown in the statement of assets, liabilities and surplus at December 31, 1970, are in excess of the reserves required by Section 82 of the Canadian and British Insurance Companies Act, and, in my opinion, make a good and sufficient provision for all unmatured obligations of the Company guaranteed under the terms of its policies.

January 22, 1971.

H. I. MCINTOSH, F.S.A., F.C.I.A.,
Vice-President and Actuary

SUMMARY OF OPERATIONS

THE SOURCES OF INCOME WERE:

FOR YEAR ENDED DECEMBER 31

	1970	1969 FOR COMPARISON
Premiums:		
Insurance	\$ 8,822,993	\$ 7,986,221
Annuity	1,253,904	1,403,426
Health	503,295	897,246
	<u>10,580,192</u>	<u>10,286,893</u>
Earnings from investments after investment expenses and investment income tax	4,578,508	4,296,544
	<u>15,158,700</u>	<u>\$14,583,437</u>
Dividends left on deposit in previous years transferred to purchase additional insurance	3,546,170	—
	<u>18,704,870</u>	<u>\$14,583,437</u>
THIS INCOME WAS USED FOR:		
Payments to policyowners and beneficiaries:		
Death benefits	2,938,875	\$ 2,659,148
Disability benefits	7,060	6,035
Matured endowments and cash values	2,021,664	2,397,047
Annuity and settlement option payments	635,308	595,618
Interest on policyowners' funds	132,470	271,902
Health Insurance benefits	360,563	737,269
Additions to policy reserves to provide for future payments (including \$3,585,188 of reserves for additional insurance purchased by the dividend transfer)	7,759,622	3,185,424
Operating expenses:		
Compensation for sales and field service to policyowners	1,078,402	1,035,213
Service to policyowners at Head Office and branches	1,565,022	1,473,973
Premium and municipal taxes and license fees	259,865	190,789
	<u>16,758,851</u>	<u>\$12,552,418</u>
Net adjustment in asset values	(1,280)	81,826
Dividends to policyowners in year	1,107,756	1,053,108
Increase in provision for next year's dividends to policyowners	171,000	52,000
Income tax on earnings	245,514	340,000
Increase in Investment Reserve	200,000	300,000
Increase in Unassigned Surplus	223,029	204,085
	<u>\$18,704,870</u>	<u>\$14,583,437</u>

STATEMENT OF - ASSETS

AT DECEMBER 31

THE COMPANY HAS THESE ASSETS TO MEET ITS
OBLIGATIONS TO POLICYOWNERS:

	1970	1969 FOR COMPARISON
BONDS	\$22,096,528	\$21,419,829
STOCKS	1,668,589	1,513,251
MORTGAGES	45,703,445	44,828,452
REAL ESTATE	655,583	365,718
Head Office (present premises and new building under construction) and income producing property.		
LOANS TO POLICYOWNERS	5,018,099	4,167,887
Fully secured by the cash value of policies of this Company.		
CASH	1,154,132	190,651
PREMIUMS IN COURSE OF COLLECTION . Fully secured by policy reserves.	595,071	669,304
INTEREST ACCRUED	754,311	692,025
Interest from last payment date to December 31		
ELECTRONIC DATA PROCESSING EQUIPMENT	68,780	140,977
This equipment is valued at cost less amortization		
SEGREGATED INVESTMENT FUNDS . . .	598,372	414,237
Market value of the investments held in the funds		
OTHER ASSETS	1,023	906

Bonds and stocks are shown at amortized cost and cost respectively, less certain write-downs, but, in the aggregate, exceed the maximum values allowed by the Canadian and British Insurance Companies Act by approximately \$2,095,000 (not taking advantage of the averaging formula permitted by Section 71 (4) of the Act), against which the company carries an investment reserve of \$2,500,000.

The commitment for the construction of the new Head Office building amounts to \$1,880,000 of which \$1,568,000 had not been expended at the year end.

\$78,313,933

\$74,403,237

H. E. POWER, *Chairman of the Board
and President*

- LIABILITIES AND SURPLUS

THE OBLIGATIONS OF THE COMPANY ARE:

AT DECEMBER 31

	1970	1969 FOR COMPARISON
POLICY RESERVES	\$66,267,393	\$58,507,771
This amount, with future premiums and interest earnings, provides for the payment of the benefits guaranteed by the Company's policies		
POLICYOWNERS' FUNDS	2,333,146	5,802,767
Policy proceeds left on deposit, dividends left to accumulate, policy benefits in process of payment, premiums received in advance and other policy-owners' funds		
POLICYOWNERS' DIVIDENDS	1,308,000	1,137,000
Provision for dividends payable in 1971		
RESERVE FOR UNREPORTED CLAIMS . .	432,994	359,656
An estimate of claims which may have occurred but have not yet been reported to the Company		
TAXES AND EXPENSES DUE AND ACCRUED	183,451	333,537
The largest items are the remaining instalments of premium and income taxes payable in 1971 in respect of 1970		
SHORT TERM BORROWINGS	—	1,075,989
SEGREGATED INVESTMENT FUNDS . . .	598,372	414,237
Contracts under which the benefits are determined by the market value of the securities, the obligation therefore being equal to the market value as carried in the assets		
OTHER LIABILITIES	403,510	408,242
Includes mortgagors' tax prepayments, contractual payments on EDP equipment due in future years		
Total obligations	<u>\$71,526,866</u>	<u>\$68,039,199</u>
INVESTMENT RESERVE	2,500,000	2,300,000
Protection against fluctuation in the value of the assets		
UNASSIGNED SURPLUS	4,287,067	4,064,038
This provides additional security for policyowners and their beneficiaries and additional earning power for policyowners' dividends in future years		
	<u>\$78,313,933</u>	<u>\$74,403,237</u>

T. R. SUTTIE, *Executive Vice-President*

BRANCH OFFICES

Branch Manager

CALGARY

D. E. DUDDER

EDMONTON

D. M. LILLYCROP, C.L.U.

GUELPH

J. R. FARNWORTH

HAMILTON

M. E. WRIGHT, C.L.U.

KINGSTON

C. J. DOYLE, C.L.U.
Supervisor

KITCHENER

D. S. W. OGILVIE, C.L.U.

LONDON

W. J. ANDERSON

MONTREAL

S. P. WINTON

OSHAWA

K. H. QUINN
Supervisor

OTTAWA

H. E. LATIMER, C.L.U.

REGINA

W. A. SMITH

Group Office

CALGARY

F. H. SCHNEIDER

Branch Manager

ST. CATHARINES

P. W. ENGS, C.L.U.

SASKATOON

TORONTO

Yorkdale Shopping Centre
A. MEARNS

Dixie Plaza

R. L. THOMPSON

401 Bay Street

G. B. McINNES

VANCOUVER

1055 West Hastings Street
D. L. STEVENSON

777 Hornby Street

S. P. ZLOTNIK, C.L.U.
Representative

VICTORIA

NORTHWESTERN INSURANCE
AGENCIES LTD.

WATERLOO

E. F. GOMAN, C.L.U.

WINDSOR

R. D. LOVELL

WINNIPEG

P. S. TAYLOR, C.A., C.L.U.

Group Office

WATERLOO

R. A. HOOPER

MORTGAGE LOAN OFFICES

LONDON

A. E. ELMSLIE, A.A.C.I.
Manager

OTTAWA

R. W. HILL
Manager

TORONTO

W. KOMPA, S.R.A.
Representative

WATERLOO

R. NOBLE, A.A.C.I.
Manager

THE **EQUITABLE LIFE** INSURANCE COMPANY
OF CANADA

HEAD OFFICE - WATERLOO, ONTARIO